

# SPAIN



Spain is the second largest country in the European Union and its fourth largest economy and population, with 47,615,034 inhabitants. It is known for its gastronomy, its tourist attractions and its good climate, but it is also an international reference in sectors such as construction, transport, logistics, renewable energies, agriculture and food, banking and fashion. Having more hours of sunlight than any other EU country and optimal conditions for harnessing wind and water power have made it the third European country with the greatest renewable energy generation capacity.

**NATIONAL HOLIDAYS**

Spain celebrates many official public holidays, including the following:

<b>JAN 1</b>	New Year Day
<b>JAN 6</b>	Three Kings day
<b>MAR 29</b>	Good Friday* ( <i>*Date may vary</i> )
<b>MAY 1</b>	Labor day
<b>AUG 15</b>	Assumption Day
<b>OCT 12</b>	Spain Day
<b>NOV 1</b>	All Saints Day
<b>DEC 6</b>	Constitution day
<b>DEC 8</b>	Inmaculate Conception Day
<b>DEC 25</b>	Christmas

Labor holidays may not exceed fourteen per year (10 national holidays, 2 autonomous communities holidays, 2 local holidays).

**EMPLOYMENT CONTRACTS**

Overall, there are 4 types of employment contracts:

**FIXED - DISCONTINUOUS CONTRACT:** It specifies the start and end date of completion of the employment relationship. It covers work that is cyclical in nature. This is legally defined as “when a need arises for intermittent or cyclical work, at separate time intervals, but reiterated in time and somewhat similar or homogeneous in nature.

**INDEFINITE:** It is a contract that is not subjected to a term, so it will last until one of the parties, voluntarily or involuntarily decides to end the employment relationship.

**TRAINING AND APPRENTICESHIP:** These are aimed especially at younger workers. Their purpose is to allow professionals to enter the labor market while providing training, combining work and training activities.

**TEMPORARY:** Used to:

- a) Cover production circumstances due to occasional and unforeseeable increase of the activity;
- b) To cover oscillations that (even though within normal activity) generates a temporary mismatch between the permanent staff available and the one required (the oscillations include those derived from annual vacations);
- c) To cover production circumstances due to occasional and predictable situation and for a



reduced and limited term.

## WORKING HOURS

**40h per week.** The number of ordinary hours of effective work may **not exceed 9 hours per day**, except that by collective agreement or by an agreement between the company and the workers' representatives, another distribution of the daily work time is established, respecting in any case the rest between days.

## BONUS REQUIRED BY LAW

13th & 14th month or annual bonus (Pagas Extras) is required in Spain. The annual salary gets divided into 14 and the 2 extra payments are paid in July and December.

A commission plan or quarterly bonus plan is a common benefit for a sales employee.

## VACATIONS

**23 business days (30 calendar days).**

The worker can enjoy holidays from the same year in which he joins the company. The days to enjoy are calculated based on the starting day. The vacation time cannot be "paid out."

## SICK LEAVE

When a worker is temporarily unable to work and in need of medical assistance due to illness or accident, the employer normally pays the worker for a temporary sick leave and is reimbursed by the social security department.



If this medical leave of absence has **more than 3 days**, the salary is subsidized by the employer in **60%** of the taxable base.

If the medical leave of absence is **more than 20 days**, then it's subsidized by the social security system on **75%** of the taxable base.

The amount of sick leave pay depends on the status of the employee and the applicable CBA.

## PARENTAL LEAVE

Maternity leave consists of **16 weeks' paid leave**, **six weeks** of which must be taken **after the birth**.

To be eligible for maternity leave, the mother had to have registered with the social security office and have made contributions for a **minimum of 180 days** during the **prior seven years** or a total of **360 days during their career**.

It's important to mention that this 16-week leave is both for the mother and the father.

## PROBATIONARY PERIOD

Trial period depends on the type of contract and the CBA. For example:

**INDEFINITE CONTRACTS:** six months;

**TEMPORARY CONTRACTS:** three months.

## TERMINATION

Severance Pay:

**OBJECTIVE DISMISSAL:** The worker is entitled to **20 days** per year worked. They are also entitled to a **15-day notice**.

**DISCIPLINARY DISMISSAL:** The worker is

entitled to **20 days** per year worked. They are **not** entitled to a **15-day notice**.

**UNJUSTIFIED DISMISSAL:** The worker is entitled to 33 days per year worked.

**RESIGNATION OR VOLUNTARY TERMINATION:** The worker is not entitled to severance pay.

## TAXES

Payroll taxes in Spain are divided between employers and employees:

<b>SOCIAL SECURITY* (*INCLUDES PENSION AND INTERGENERATIONAL EQUITY MECHANISM (MEI), MINIMUM MONTHLY BASE IS 1,260 EUR AND THE MAXIMUM IS 4,720.50 EUR)</b>	24.18%
<b>UNEMPLOYMENT</b>	5.50%
<b>SALARY GUARANTEE FUND</b>	0.20%
<b>PROFESSIONAL TRAINING</b>	0.60%
<b>WORK ACCIDENT INSURANCE (**RATES MAY VARY ACCORDING TO THE SPECIFIC INSURANCE POLICY)</b>	1.65%
<b>REMOTE WORKING ALLOWANCE (MINIMUM). MUST BE APPLIED WHEN HOME WORKING 30% OR MORE OF THE TIME</b>	50 EUR per month
<b>TOTAL EMPLOYMENT COST</b>	<b>32.05%+ 50 EUR/ Month</b>



**EMPLOYEES**

<b>SOCIAL SECURITY</b> *( <b>INCLUDING INTERGENERATIONAL EQUITY MECHANISM (MEI), MINIMUM MONTHLY BASE IS 1,260 EUR AND THE MAXIMUM IS 4,720.50 EUR</b> )	4.82%
<b>UNEMPLOYMENT</b> **( <b>MINIMUM MONTHLY BASE IS 1,260 EUR AND THE MAXIMUM IS 4,720.50 EUR</b> )	1.55%
<b>PROFESSIONAL TRAINING**</b> (** <b>MINIMUM MONTHLY BASE IS 1,260 EUR AND THE MAXIMUM IS 4,720.50 EUR</b> )	0.20%
<b>PROFESSIONAL TRAINING</b>	0.60%
<b>TOTAL EMPLOYEE COST</b>	<b>6.45%</b>

Also, employees have a portion of their income withheld for income tax every month on their payroll.

Below is the tax rate table based on income brackets:



<b>SALARIES UP TO 12,450.00 EUR</b>	19%
<b>12,450.00 EUR TO 20,200 EUR</b>	24%
<b>20,201.00 EUR TO 35,200 EUR</b>	30%
<b>35,200.00 EUR TO 60,000 EUR</b>	37%
<b>60,000.00 EUR TO 300,000.00 EUR</b>	45%
<b>ABOVE 300,000.00 EUR</b>	47%

It's very important to note that these percentages are only references based only on salary. The employee's family situation must be known through **Model 145** (check on the box down below to access) from the Spanish tax agency ("Hacienda") for correct estimation of the percentage of withholding.

#### TAX RELIEF FOR EXPATS (BECKHAM LAW)

Another relevant point to mention is the **Beckham Law**. The Beckham Law provides a tax advantage to foreigners in Spain. Expats are eligible to pay a flat fee of **24%** on the income they earn within Spain.

The law applies to all employees who reside abroad but wish to work in Spain, allowing them to pay taxes as non-residents for the first 6 years

#### MODEL 145

<https://sede.agenciatributaria.gob.es/Sede/procedimientoini/G603.shtml>

of their stay. To qualify for the Beckham law tax relief, the worker should not reside in Spain for **5 years prior to obtaining the tax benefit.**

The expatriation or relocation for the purpose of obtaining tax benefits under the Beckham Law may occur either in the first year of application or in the previous year.

The application needs to be submitted within **6 months** starting from the date of the inscription in the Social Security Administration as an employee for the Spanish company; a late register will result in an automatic denial. To Apply, the worker should submit **Model 149** (check on the box down below to access) to the Spanish tax agency ("Hacienda").

#### HEALTH INSURANCE

Health insurance is funded through social security taxes. Supplementary health insurance may be provided by an employer to an employee as a additional benefit.

#### EMPLOYEE BENEFITS

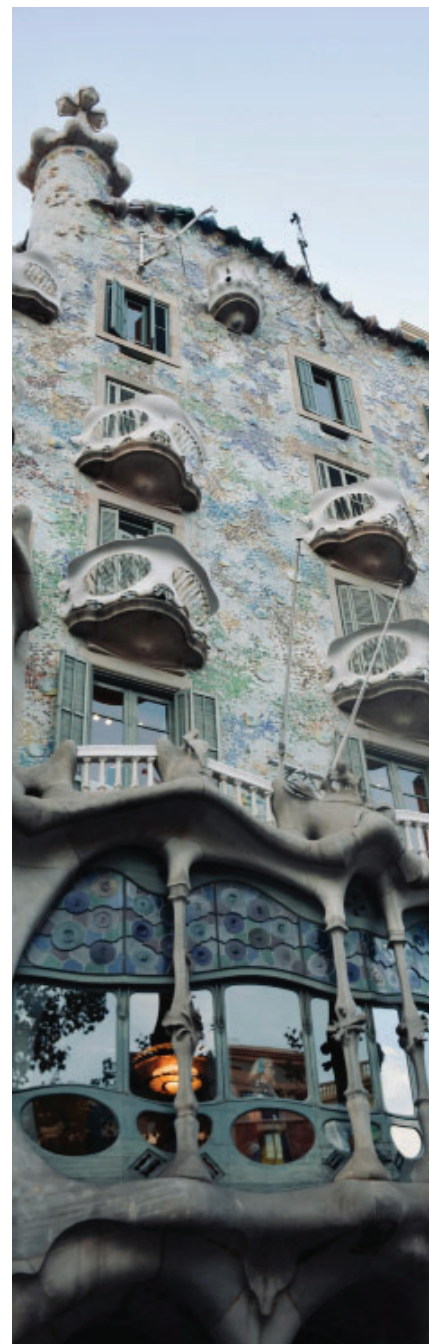
**MARRIAGE:** 15 calendar days;

**DEATH, ACCIDENT OR SERIOUS ILLNESS,**

**HOSPITALIZATION OR SURGICAL**

**INTERVENTION WITHOUT HOSPITALIZATION THAT REQUIRES HOME REST OF RELATIVES UP TO THE SECOND DEGREE OF CONSANGUINITY**

**OR AFFINITY:** 02 days. If for this reason the worker needs to travel, the period will be 04 days.



**MOVING OUT FROM THE HABITUAL RESIDENCE:** 01 day.

#### LABOR LAW - NUMBER AND VALID PAGE

Check out more about labor laws in Spain in the links below:

#### WORKERS STATUTES/ESTATUTO DE LOS

**TRABAJADORES:** <https://www.boe.es/buscar/act.php?id=BOE-A-2015-11430>

#### Labor REFORM/REFORMA LABORAL YEAR/

**AÑO 2022:** <https://www.boe.es/buscar/act.php?id=BOE-A-2021-21788>

#### HOME OFFICE/HYBRID WORK - LAW - GUIDANCE

Check out more about home office/hybrid work laws in Spain in the link below:

#### REMOTE WORK LAW/LEY DEL TRABAJO A

**DISTANCIA:** <https://www.boe.es/buscar/doc.php?id=BOE-A-2021-11472>

**FOREIGN EMPLOYEES: WHICH PAPERS DO THEY NEED TO HAVE TO BE CONTRACTED BY THE LOCAL LAW? MAXIMUM QUOTA ALLOWED.**

#### MODEL 149

<https://sede.agenciatributaria.gob.es/Sede/procedimientoini/G606.shtml>

The following documents are requested by the employer to hire foreign employees: **a)** Residence in Spain with permission to work; **b)** NIE (Foreigner's Identity Number or Número de Identidad de Extranjero in spanish); **c)** Passport; **d)** Social Security affiliation number.

In case the employee do not have a **Social Security affiliation number**, SGF Global can manage it.

